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WILLIAM T FUJIOKA
Chief Executive Officer



March 5, 2013

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

**SACRAMENTO UPDATE**

**<u>Executive Summary</u>**

This memorandum contains the following:

- **<u>Pursuit of County Position on Legislation</u>**
    - **AB 459 (Mitchell).** This measure would require the State to provide healthier food and beverage options for sale in vending machines, concessions, and cafeterias located in State buildings. Therefore, unless otherwise directed by the Board, consistent with existing policies to support proposals that increase the availability of healthy food choices, reduce consumption of sugar-sweetened beverages, and enhance healthy eating, **the Sacramento advocates will support AB 459.**
    - **AB 741 (Brown).** This measure would revise the formula for the allocation of property tax revenues from counties to qualifying cities under a new Tax Equity Allocation formula. Therefore, unless otherwise directed by the Board, consistent with existing policy to preserve the County's property tax revenue and to oppose new unfunded mandates, **the Sacramento advocates will oppose AB 741.**

- **Status of County Advocacy Legislation**
    - **County-supported SBX1 1 (Hernandez and Steinberg)** - related to the expansion of Medi-Cal eligibility passed the Senate Appropriations Committee and now proceeds to the Senate Floor.

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**Pursuit of County Position on Legislation**

**AB 459 (Mitchell),** which as introduced on February 19, 2013, would require the State to provide healthier food and beverage options for sale in vending machines, concessions, and cafeterias located in State buildings.

AB 459 would revise the nutritional guidelines for content of fat, sugar, sodium and calories in food and beverage items sold in vending machines on State property, and require that at least 50 percent of the food sold in vending machines meet the nutritional guidelines on or after January 1, 2015, increasing to 75 percent on or after January 1, 2016 and to 100 percent on or after January 1, 2017. The bill would require 100 percent of beverages sold in vending machines to meet the guidelines on or before January 1, 2016.

As introduced, AB 459 also would require the State Department of General Services when approving contracts for the purchase of food and beverages sold in any State-owned or leased buildings to: 1) meet at least the standard criteria for food and nutritional guidelines as determined by the United States Department of Health and Human Services and in the Health and Sustainability Guidelines for Federal Concessions and Vending Operations; and 2) adopt contracting practices which give preference to contractors and vendors that purchase food which is grown, packaged or produced within the State of California. These provisions would be effective on or after January 1, 2015, or upon the expiration of an existing contract, whichever occurs later.

The Department of Public Health (DPH) indicates that obesity rates among children and adults have risen at an alarming rate in recent years and have become a major public health concern. In Los Angeles County, nearly one in four children and adults are obese. Increasing access to healthy foods and beverages is a critical policy strategy to help lower rates of obesity and diet-related disease. The Department indicates that governments can play a key role by promoting and increasing the availability of healthy food and beverages. According to DPH, AB 459 would provide healthier food options for thousands of State workers as well as the many citizens who purchase food at State facilities. DPH also notes that the provisions of AB 459 are consistent with the County's healthy food choice options policy and motions recently adopted by the Board that direct DPH to provide nutritional recommendations which increase the availability of healthy food and beverages provided by County food services vendors.

This office and the Department of Public Health support AB 459. Therefore, unless otherwise directed by the Board, consistent with existing policies to support proposals that increase the availability of healthy food choices, reduce the consumption of sugar-sweetened beverages, and enhance healthy eating, **the Sacramento advocates will support AB 459.**

Currently, there is no registered support or opposition on file for AB 459. However, this measure is nearly identical to **County-supported AB 727 (Mitchell) of 2011** which was sponsored by the California Pan Ethnic Health Network, and supported by AltaMed, the American Cancer Society Border Sierra Region, California Black Health Network, California Food Project, Consumers Union, and Prevention Institute. AB 727 was held on the Senate Appropriations Suspense File in August 2011 and failed to move forward.

AB 459 is awaiting a hearing in the Assembly Business, Professions and Consumer Protection Committee.

**AB 741 (Brown),** which as introduced on February 21, 2013, would increase the allocation of property tax revenues under a new Tax Equity Allocation formula for qualifying cities beginning in FY 2012-13. The bill also would make corresponding reductions in the amount of property tax revenue that is allocated to counties. AB 741 defines a qualifying city as a city incorporated before June 29, 2011 that had a redevelopment agency that was dissolved on February 1, 2012, and that had an amount of property tax revenue allocated to it pursuant to the Tax Equity Allocation formula. By changing the manner in which county auditors allocate property tax revenues, AB 741 also would impose an unfunded State mandate on counties.

Existing law requires auditors of each county with qualifying cities, as defined, to make certain property tax revenue allocation to those cities in accordance with a specified Tax Equity Allocation formula. The law also requires auditors to make corresponding reductions in the amount of property tax revenue that is allocated to the county.

Proposition 13 of 1978 limited property tax rates to 1 percent. The Legislature allocates property tax revenues to counties, cities, special districts, and school districts based on each agency's pro rate share of the property taxes collected within a county in the three fiscal years prior to the passage of Proposition 13. As a result, most cities receive property taxes based on their historical shares of property tax revenues.

Cities that never levied a property tax before Proposition 13 are called no property-tax cities, and cities that levied only low property tax rates are known as low property-tax cities. Counties are required to shift some of their own property tax revenues to these no/low cities. The payments to these cities are called Tax Equity Allocations (TEA). In most counties, TEA payments to the no/low cities are equal to 7 percent of the property tax revenues generated within their city limits.

The author's office indicates that AB 741 is an attempt to alleviate financial difficulties some cities are experiencing due to relatively low property tax shares, particularly those which relied on redevelopment funds to support their city operations. However, according to the California State Association of Counties, AB 741 could affect approximately 200 cities, or about 40 percent of all cities in California, which could result in a significant shift of property tax revenue from counties to cities.

This office opposes AB 741. Therefore, unless otherwise directed by the Board, consistent with existing policy to preserve the County's property tax revenue and to oppose new unfunded mandates, **the Sacramento advocates will oppose AB 741.**

AB 741 is opposed by the California State Association of Counties. Currently, there is no registered support for the bill. This measure is pending a referral to a policy committee.

**Status of County-Advocacy Legislation**

**County-supported SBX 1 1 (Hernandez and Steinberg),** which as introduced in the Special Session on Health Care Reform on January 28, 2013, would expand Medi-Cal eligibility to persons under 65 years of age with incomes at or below 133 percent of the Federal Poverty Level and make various changes which simplify enrollment and eligibility procedures for persons currently eligible to Medi-Cal to conform to provisions of the Federal Affordable Care Act, passed by the Senate Appropriations Committee by a vote of 4 to 1 on March 4, 2013. This measure now proceeds to the Senate Floor.

We will continue to keep you advised.

WTF:RA
MR:VE:AO:ma

c: All Department Heads
Legislative Strategist